

# PM STREET VENDOR LOAN SCHEME

## PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)



**PM Street Vendor's  
AtmaNirbhar Nidhi**

**(PM SVANidhi)**

**A SPECIAL MICRO-CREDIT FACILITY FOR  
STREET VENDORS**



PM SVANidhi

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# PM STREET VENDOR LOAN SCHEME (PM SVANidhi)

- ❖ Ministry of Housing and Urban Affairs, Government of India has come out with Scheme "PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)" aimed for financing to street vendors to make them self-reliant and come out of distress situation due to COVID-19 pandemic and consequent lockdown.
- ❖ The PM SVANidhi scheme was launched by the Ministry of Housing and Urban Affairs, on June 01, 2020.
- ❖ 'PM SVANidhi' scheme aims to provide street vendors collateral free working capital loans of up to ₹10,000 to restart their business post lockdown.



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# IMPORTANCE OF THE SCHEME

- Street Vendors represent a very important constituent of the urban informal economy and play a significant role in ensuring availability of the goods and services at affordable rates at the door step of the city dwellers.
- They are known as vendors, hawkers, thelewala, rehriwala, theliphadwala etc. in different areas/ contexts.
- The goods supplied by them include vegetables, fruits, ready to eat street food, tea, snacks, apparels, footwear, artisan products, Pan Shops, cobblers among others.
- The Covid 19 Pandemic and consequent lockdown has adversely impacted the livelihoods of the vendors. They usually work with small capital base and might have consumed the same during lockdown. They need immediate credit support to restart their business and earn their livelihood.



# SCOPE AND IMPLEMENTING AGENCY

- In view of the above, Government of India announced PM Street Vendor's Atmanirbhar Nidhi (PM SVANidhi) scheme. PMSVA Nidhi is a micro credit scheme which aims to target around 50 lakh street vendors.
- So far, 24.76 lakh applications have been received, of which 12.37 lakh have been sanctioned and over 5 lakh loans have been disbursed, according to the PM SVANidhi portal up to 27 October 2020.
- The scheme is a central sector scheme fully funded by Ministry of Housing and Urban Affairs. Small Industries Development Bank of India Ltd (SIDBI) is the implementing agency for PMSVANidhi. Further lending under the scheme will get guarantee coverage from CGTMSE.



# PM SVANidhi Mobile App

- In a move to make this scheme more accessible, the Central Government recently launched the mobile application of PM SVANidhi Scheme on July 17.
- The PM SVANidhi Mobile App provides a user-friendly digital interface for Lending Institutions (LIs) & their field functionaries for sourcing as well as processing loan applications.



# OBJECTIVES OF THE SCHEME

The scheme has been launched with the following objectives:

- a) To facilitate working capital loan with maximum amount up to Rs. 10,000;
- b) To incentivize regular repayments;
- c) To reward digital transactions.

The Scheme will help formalize the street vendors with above objectives and will open up new opportunities to this sector to move up the economic ladder. The Scheme shall be implemented up to March, 2022.



# TARGET BENEFICIARIES

The scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020. The eligible vendors will be identified as per the following criteria:

- i) Street Vendors in possession of certificate of vending/Identity cards issued by urban local bodies.
- ii) Street Vendors who have been identified in the survey but have not been issued certificate of vending / identity card. In such cases vendors should bring provisional certificate which can be generated through an IT based platform, from Urban Local Bodies (ULB).
- iii) Other Street Vendors should possess Letter of Recommendation issued by Urban Local Bodies (ULB) / Town vending committee (TVC).
- iv) Street Vendors of surrounding development / peri urban limits/rural areas, but vending in the geographical limits of the ULBs should also possess Letter of Recommendation to that effect by ULB/TVC.
- v) Some of the identified/surveyed or other vendors who have been vending/hawking in urban areas, have left for their native places prior to or during the lockdown period because of COVID-19 pandemic, such vendors are likely to comeback after the situation normalizes and resume their business. These vendors, whether from rural/Semi -urban areas or city dwellers will be eligible for the loan on their return as per eligibility criteria for identification of beneficiaries mentioned above.

The State /UT/ULB wise list of identified street vendors will also be made available on the website of Ministry/State Government/ULBs/Web Portal, if any developed and launched for the purpose.



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# LENDING INSTITUTIONS

**Lending Institutions for the scheme are:**

- **Scheduled Commercial Banks,**
- **Regional Rural Banks,**
- **Small Finance Banks,**
- **Cooperative Banks,**
- **Non-Banking Financial Companies,**
- **Micro-Finance Institutions and**
- **SHG Banks.**





# APPLY FOR THE LOAN

Street Vendors can approach a Banking Correspondent (BC)/ Agent of Micro Finance Institution (MFI) in his area (ULBs will have the list of these persons). They will help vendors in filling up the application and upload the documents in a Mobile App/ Portal. Street Vendors can access this information on the website of Ministry of Housing and Urban Affairs.

An agent from MFI/ payment aggregator will approach Vendors to onboard and help in conducting sample transactions. Vendors will also be provided with a debit card and a QR code. Vendors may meet a member of SHG or ALF or CLF or call toll free number.

## LENDING THROUGH JOINT LIABILITY GROUP (JLG)

Lending under the scheme can also be done through formation of Joint Liability Group (JLGs) of eligible vendors. The Common interest Groups (CIGs) of street vendors already formed by States can also be converted into JLGs, as per Scheme.



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# KYC DOCUMENTS REQUIRED

You may carry anyone of the following documents in addition to Certificate of Vending / Identity Cards for KYC purpose:

- (i) Aadhaar Card,
- (ii) Voter's Identity Card,
- (iii) Driving Licence,
- (iv) MNREGA Card,
- (v) PAN Card.



# **SALIENT FEATURES OF THE SCHEME**

- a) Initial working capital of up to Rs. 10,000/-;**
- b) Interest subsidy on timely/ early repayment @ 7%;**
- c) Monthly cash-back incentive on digital transactions;**
- d) Higher loan eligibility on timely repayment of the first loan;**
- e) No collateral security is required;**
- f) on timely/ early repayment of loan of initial working capital, a vendor becomes eligible to avail a higher tranche of loan in next cycle;**
- g) There is no penalty for pre-closure of the loan.**



# RATE AND AMOUNT OF INTEREST SUBSIDY

- The rate of interest subsidy 7%. The interest subsidy amount will be credited directly in the account on quarterly basis. In case of early payment, the admissible amount of subsidy will be credited in one go. For a loan of Rs. 10,000, if vendors pay all the 12 EMIs in time, he will get approximately Rs. 400 as interest subsidy amount.
- Lenders will submit quarterly claims for interest subsidy for quarters ending as on June 30, September 30, December 31 and March 31 during each financial year. Subsidy will only be considered in respect of accounts of borrowers, which are Standard (Non-NPA as per extant RBI guidelines) on respective claim dates and only for those months during which the account has remained Standard in the concerned quarter.
- The interest subsidy is available up to March 31, 2022. The subsidy will be available on first and subsequent enhanced loans up to that date. In case of early payment, the admissible amount of subsidy will be credited in one go.



# AMOUNT OF INCENTIVE FOR DIGITAL TRANSACTIONS

The on-boarded vendors would be provided with a monthly cashback in the range of Rs. 50 to Rs. 100 as per the following criteria:

- (i) On executing 50 eligible transactions: **Rs. 50;**
- (ii) On executing the next 50 eligible transactions: **Additional Rs. 25; and**
- (iii) On executing the next 100 eligible transactions: **Additional Rs. 25.**

**(Each transaction > Rs. 25 will be counted)**



# AN ILLUSTRATION OF THE BENEFITS UNDER THE SCHEME

Months	Principal (Rs.)	Interest @24% (Rs.)	EMI (Rs.)	Interest Subsidy (7%) (Rs.)	Cash Back Incentive on Digital Transaction (Rs.)	Total Benef (Rs.)
	A	B	C	D	E	(D-E)
1	746	200	946	58	100	158
2	761	185	946	54	100	154
3	776	170	946	50	100	150
4	791	154	945	46	100	146
5	807	139	946	42	100	142
6	823	122	945	36	100	136
7	840	106	946	32	100	132
8	856	89	945	27	100	127
9	874	72	946	22	100	122
10	891	55	946	17	100	117
11	909	37	946	12	100	112
12	927	19	946	6	100	106
<b>Total</b>	<b>10,001</b>	<b>1,348</b>	<b>11,349</b>	<b>402</b>	<b>1,200</b>	<b>1602</b>
<b>% interest</b>		<b>100%</b>		<b>30% of interest</b>	<b>88% of interest</b>	<b>118%</b>

**Thus, the maximum cash back amount and interest subsidy would be sum up to Rs. 1,600 (1200+400), which is 118% of the total interest of Rs. 1,348 on a loan of Rs. 10,000/- with an interest rate of 24%.**

# CREDIT GUARANTEE

The Scheme has a provision of Graded Guarantee Cover for the loans sanctioned, as indicated below, to be administered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which will be operated on portfolio basis:

- a) First Loss Default (Up to 5%): **100%**
- b) Second Loss (beyond 5% up to 15%): **75% of default portfolio**
- c) Maximum guarantee coverage will be **15% of the year portfolio.**

All loans given by each lending institution under the scheme will be considered for coverage under the guarantee. The periodicity of filing of claims by lending institutions will be quarterly. All the participating lending institutions shall be eligible to avail this guarantee cover without any charges.



# **IDENTITY CARD FOR USE**

**Vendors will be issued Provisional Identity Card on approval of loan and permanent CoV/ID will be issued within 30 days.**

## **LOAN APPLICATION STATUS CHECK**

**Complete process will be automated through a Mobile App and Web Portal. Vendors will be able to check real time status of his application. Whole process, if paper/ information is complete, may take less than 30 days.**





For details information and apply for loan you may visit Website:

<https://pmsvanidhi.mohua.gov.in/>



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